

ADDITIONAL INQUIRIES

To Buyer:

1. Did the CEO of CMC, or anyone associated with the CEO, engage in any communications with anyone associated with the buyer or on behalf of the buyer, or any entity in which the buyer has a direct or indirect interest, about the possible future employment of the CEO with any entity, including, but not limited to, the for-profit successor to CMC in Missoula?

If so, who were the parties to those discussions? What was the content of those discussions? When did the discussions occur? If the future employment was agreed upon, provide the terms of that employment.

To Seller:

1. In response to question number 14¹, you responded, in part: "In initial discussions the unsuccessful final bidder indicated that it may be willing to extend Mr. Carlson's severance payment to three years."

- a. Who participated in those "initial" discussions? When did those discussions occur? Where did those discussions occur?
- b. Did the unsuccessful final bidder make an offer to extend Mr. Carlson's severance payment to three years?

2. Did the CEO of CMC, or anyone associated with the CEO, engage in any communications with anyone associated with the buyer or on behalf of the buyer, or any entity in which the buyer has a direct or indirect interest, about the possible future employment of the CEO with any entity, including, but not limited to, the for-profit successor to CMC in Missoula?

If so, who were the parties to those discussions? What was the content of those discussions? When did the discussions occur? If the future employment was agreed upon, provide the terms of that agreement.

3. In response to question 11², you identified conflicts of interest, or apparent conflicts of interests, which were discussed at the Board's September 25, 2014 meeting.

In respect to all aspects of the proposed transaction (including, but not limited to, the initial decision to seek affiliation with another entity and decisions relating to the disposition of charitable assets upon a sale), were any conflicts of interest (or apparent conflicts) identified at any Board meeting other than

¹ This Question was submitted in our September 23, 2014 letter and responded to on October 31, 2014.

² This Question was submitted in our September 23, 2014 letter and responded to on October 31, 2014.

the September 25, 2014 meeting, at any committee meeting, or at any meeting of another subset of the Board, that involved any CMC Board member, officer, or key employee?

If so, fully explain the conflicts (or apparent conflicts), identify the director(s), officer(s), or employee(s) involved, and explain how the conflicts (or apparent conflicts) were addressed?

6. Did the Board hire other consultants with respect to any aspect of the proposed transaction (including, but not limited to, the initial decision to seek affiliation with another entity rather than maintain the status quo and decisions relating to the disposition of charitable assets upon a sale)?

If so, provide the consultants' names, contracts with CMC, and copies of the consultants' reports.

The following questions, numbered 7 to 11, are in response to the document entitled "CMC's Proposal for Use of Net Closing Proceeds." Some of the questions request "data" or "studies." Please respond to a request for data or studies to include all data, studies, reports, survey results, and other material that was considered by the CMC Board ("the Board") in response to each question.

7. You indicate that \$500,000 will fund "new career programmatic opportunities for students from Western Montana who are interested in working in the healthcare field" and healthcare infrastructure at the new Missoula College to be constructed on the East Broadway campus.

- a. What specific healthcare programs will be funded?
- b. Have these new programmatic opportunities been authorized by appropriate University officials and the Board of Regents?
- c. For the purposes of these programs, how is "Western Montana" defined?
- d. Will these programs be available for students who are not from "Western Montana"? If so, how will the \$500,000 be accounted for to benefit only students from CMC's service area?
- e. What studies did the Board consider concerning the need for people educated in these healthcare programs to provide services in CMC's service area? To what extent did the Board consider data indicating that this need is not being satisfied by other educational institutions?
- f. What data did the Board consider indicating students who complete these studies will stay within CMC's service area and provide healthcare services?
- g. What studies did the Board consider concerning the need for "healthcare infrastructure"? Specifically, what infrastructure is the Board proposing?
- h. What services will the UM Foundation provide in exchange for the 6% (\$30,000) fee?

8. You indicate that \$4,250,000 will be used for a Skaggs Building expansion in order to expand existing clinical care infrastructure and supporting labs, conference areas, and offices.

- a. How many citizens who reside within CMC's service area currently benefit from the existing clinical care infrastructure?

- b. How many citizens who do not reside within CMC's service area currently benefit from the existing clinical care infrastructure?
- c. What types of healthcare services are currently being provided at the existing facility?
- d. Do you plan to increase the range of healthcare services after the expansion? If so, what additional services will be offered? What studies did the Board consider concerning the need to increase the range of healthcare services?
- e. Do you plan to increase the number of citizens who will benefit from healthcare services after the expansion? If so, how many of them do you anticipate will reside within CMC's service area? What studies did the Board consider concerning the need to offer these healthcare services to a larger number of citizens?
- f. Did the University of Montana make any commitments as to the future duration of these clinical care services to people within CMC's service area? If not, will CMC negotiate such a commitment?
- g. Has this expansion been authorized by appropriate University officials? Does this expansion require approval by the Board of Regents or the Legislature? If approval by the Board of Regents or Legislature is required, has it been obtained?
- h. What studies did the Board consider to determine the need for an expanded facility?
- i. Did the Board ascertain whether existing facilities within the service area (inside or outside the University System) that could be used for this purpose?
- j. What services will the UM Foundation provide in exchange for the 2% (\$85,000) fee?

9. You indicate that \$3,500,000 will be used to support new program initiatives and to provide technology and facilities to support continuing medical education requirements for rural training.

- a. What specific new program initiatives will be funded?
- b. Have these *new program initiatives* been authorized by appropriate University officials and the Board of Regents?
- c. For the purposes of these initiatives, will they only benefit students from CMC's service area? If not, how will the \$3,500,000 be accounted for to benefit only students from CMC's service area?
- d. What studies did the Board consider concerning the need for these initiatives within CMC's service area? To what extent did the Board consider data indicating that this need is not being satisfied by other educational institutions?
- e. What data did the Board consider concerning whether students who successfully undertake these initiatives will stay within CMC's service area and provide healthcare services?
- f. What studies did the Board consider concerning the need to provide technology and facilities to support continuing medical education requirements within CMC's service area? Did the Board determine whether existing facilities (inside or outside the University System) could be used for this purpose?
- g. Have the *facilities and technology* been authorized by appropriate University officials? Do the facilities and technology require approval by the Board of Regents or the Legislature? If approval by the Board of Regents or Legislature is required, has it been obtained?
- h. What services will the UM Foundation provide in exchange for the 2% (\$70,000) fee?

10. You indicate that \$2,250,000 will be used to endow a scholarship program at the University of Montana College of Health Professions and Biomedical Services to recruit and retain the best and brightest graduates to work in the CMC service area.

- a. What specific healthcare services will be provided by the graduates who benefit from this scholarship program?
- b. What data did the Board consider indicating that the need for these healthcare services is not currently being satisfied by graduates of the University of Montana or other educational institutions?
- c. What data did the Board consider relating to the service by these graduates within CMC's service area and service by these graduates outside CMC's service area?
- d. What fee will be paid to the UM Foundation to administer this scholarship program? Will the fee be levied one time? If the fee will be levied more than once, how often will it be levied?

11. As to the proposed distributions numbered 2 through 4 listed in "CMC's Proposal for Use of Net Closing Proceeds", did the Board contact entities other than the University of Montana concerning the allocation of funds for health and healthcare programs that would benefit people in the CMC service area?

- a. Describe each of those contacts and the other programs considered by the Board.
- b. Did the Board distribute a request for proposals (RFP), or other documentation, seeking applications? If so, how was the RFP distributed? To whom was it distributed?
- c. What criteria were used to select the University of Montana or its Foundation?

12. As to the proposed distribution to the Community Hospital Legacy Foundation, did the Board consider transferring the funds to an existing foundation(s) or nonprofit organization(s)?

- a. Describe the Board's process for considering an existing foundation(s) or nonprofit organization(s).
- b. Identify the existing foundation(s) or nonprofit organization(s) that the Board considered.
- c. Describe the Board's deliberative process and provide its reasoning in deciding to create the new Community Hospital Legacy Foundation, rather than distribute the funds to an existing foundation(s) or nonprofit organization(s).